

SENATE FILE 2060
BY SODDERS

A BILL FOR

1 An Act requiring financial liability coverage as a condition
2 for registration of a motor vehicle, requiring insurance
3 carriers to certify automobile liability coverage to the
4 department of transportation, and providing civil and
5 criminal penalties.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.20, subsection 1, Code 2009, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *g.* If the vehicle is a motor vehicle, the
4 owner shall certify on the application that financial liability
5 coverage is in effect for the motor vehicle as required by
6 section 321.21. The application provided by the department
7 shall include a statement for the applicant to sign that
8 acknowledges the applicant's knowledge of the requirement to
9 notify the county treasurer of a financial liability coverage
10 change.

11 Sec. 2. NEW SECTION. **321.21 Proof of financial liability**
12 **coverage required for motor vehicle registration — penalties.**

13 1. A motor vehicle shall not be registered unless financial
14 liability coverage, as defined in section 321.1, subsection
15 24B, is in effect for the motor vehicle at the time of
16 registration. If the form of financial liability coverage
17 is an owner's policy of liability insurance, the owner shall
18 provide a description of the financial liability coverage as
19 noted on the proof of financial liability coverage card issued
20 for the motor vehicle. The department may require that the
21 owner's insurance company verify that the financial liability
22 coverage is in effect for the motor vehicle at the time of
23 application for registration.

24 2. When the insurance carrier or other source of financial
25 liability coverage for a vehicle changes, the owner shall
26 notify the county treasurer within five days of obtaining the
27 new coverage. If liability insurance for the motor vehicle
28 is canceled or terminated at any time during the period of
29 registration for a reason other than transfer of ownership
30 of the motor vehicle, and new coverage is not obtained, the
31 owner shall immediately surrender the registration certificate
32 and registration plates for the motor vehicle to the county
33 treasurer.

34 3. An insurance company shall notify the department within
35 twenty business days of the cancellation or termination of

1 an owner's policy of liability insurance. However, notice
2 of cancellation is not required if the insurer cancels or
3 terminates the old policy, no lapse in coverage results, and
4 the insurer sends the certificate of insurance form for the new
5 policy to the department.

6 4. a. Upon receiving notice of a lapse in insurance
7 coverage for a motor vehicle, the department shall notify the
8 owner of the lapse in coverage and require the owner to do one
9 of the following within five days of the notification:

10 (1) Certify to the department that other financial
11 liability coverage was in effect prior to the date of
12 termination of the insurance coverage.

13 (2) If a lapse in coverage occurred, certify that new
14 financial liability coverage is in effect and, if the lapse was
15 for more than five business days, pay a civil penalty of fifty
16 dollars to the department.

17 (3) Surrender the registration receipt and registration
18 plates for the motor vehicle to the county treasurer.

19 b. Failure of the owner to certify that financial
20 liability coverage is in effect is prima facie evidence
21 that such coverage does not exist, and unless the owner has
22 surrendered the registration receipt and plates, the department
23 shall revoke the registration for the vehicle. A revoked
24 registration may be renewed after thirty days upon payment of
25 a \$50 civil penalty to the department and certification that
26 financial liability coverage is in effect for the vehicle.

27 c. The department shall provide notice of a revoked
28 registration under this section to a peace officer verifying
29 the registration of a motor vehicle.

30 5. The department shall waive the civil penalties imposed
31 by this section for an owner who, at the time of notification
32 of a lapse in financial liability coverage, is in the military
33 service of the United States and has been deployed outside the
34 continental United States for a period of forty-five days or
35 more. Upon receiving notice of revocation of registration due

1 to a lapse in coverage, the owner shall be allowed to transfer
2 the vehicle's ownership and registration to the owner's spouse
3 or child without penalty.

4 6. a. A person who falsely certifies as to financial
5 liability coverage required under this section commits a simple
6 misdemeanor.

7 b. The owner of a motor vehicle subject to registration who
8 permits the vehicle to be operated by another person without
9 having financial liability coverage in effect as required under
10 this section commits a simple misdemeanor.

11 Sec. 3. Section 321.30, Code 2009, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 4. The department or the county treasurer
14 shall refuse registration of a motor vehicle if the owner does
15 not provide satisfactory certification that financial liability
16 coverage is in effect for the motor vehicle as required by
17 section 321.21.

18 Sec. 4. Section 321.40, Code Supplement 2009, is amended by
19 adding the following new subsection:

20 NEW SUBSECTION. 7A. A form for certification of financial
21 liability coverage shall accompany each renewal statement
22 sent to the owner of a motor vehicle under this section. The
23 county treasurer shall refuse to renew the registration of a
24 motor vehicle if the applicant does not submit certification of
25 financial liability coverage in effect for the motor vehicle
26 as required by section 321.21.

27 Sec. 5. NEW SECTION. 516B.4 Reports to state department of
28 transportation.

29 An insurance company transacting business in this state
30 shall provide certification of automobile liability policies
31 as required pursuant to section 321.21 within seven business
32 days of receiving a request from the state department of
33 transportation. An insurance company shall notify the
34 department of transportation within twenty business days of the
35 cancellation or termination of an automobile liability policy.

1 EXPLANATION

2 This bill requires the owner of a motor vehicle to certify
3 that financial liability coverage is in effect for the vehicle
4 as a condition for registration of the vehicle. Certification
5 is required at the time of application for registration and
6 for registration renewal. The owner is required to notify
7 the county treasurer of any change in coverage within five
8 days of obtaining the new coverage. If coverage is canceled
9 or terminated and new coverage is not obtained, the owner is
10 required to surrender the vehicle's registration certificate
11 and registration plates to the county treasurer.

12 The bill authorizes the department of transportation to
13 require an insurance carrier to verify financial liability
14 coverage certified by an owner, and requires an insurance
15 carrier to notify the department within 20 business days of the
16 cancellation or termination of an owner's liability insurance
17 policy. The notification is not required if the insurance
18 carrier sends a new certificate of insurance form for a new
19 policy covering the vehicle to the department.

20 When the department is notified by an insurance carrier of
21 a lapse in coverage, the department shall provide notice to
22 the motor vehicle owner of the need to either certify that
23 other coverage was in effect prior to the termination of the
24 insurance policy; certify that new coverage is in effect
25 following the lapse, and if the lapse was for more than five
26 business days, pay a civil penalty of \$50; or surrender the
27 registration receipt and plates for the motor vehicle to the
28 county treasurer. If the owner fails to certify financial
29 liability coverage or to surrender the registration receipt
30 and plates within five days of receipt of the notice, the
31 department shall revoke the motor vehicle registration.
32 Registration may be renewed after 30 days, upon certification
33 that financial liability coverage has been obtained and payment
34 of a \$50 civil penalty to the department.

35 The bill requires the department to flag the registration

1 information available to peace officers when a registration is
2 revoked due to a lapse in financial liability coverage.

3 The bill requires the department to waive any civil
4 penalties relating to a lapse in financial liability coverage
5 for a member of the military service of the United States who
6 has been deployed outside the continental United States for
7 45 days or more. Such an owner whose registration has been
8 revoked because of a lapse in insurance coverage shall be
9 allowed to transfer ownership and registration of the motor
10 vehicle to the owner's spouse or child without penalty.

11 The bill provides that the owner of a motor vehicle commits
12 a simple misdemeanor if the owner permits the vehicle to be
13 operated by another person without having financial liability
14 coverage in effect for the vehicle. In addition, a person who
15 falsely certifies as to financial liability coverage required
16 for registration or renewal commits a simple misdemeanor. A
17 simple misdemeanor is punishable by confinement for no more
18 than 30 days or a fine of at least \$65 but not more than \$625,
19 or by both.